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Austerity Capitalism: Not for the Rich

In these austere times, David Cameron tells us “*we are all in it together*”. Well the working class have always led austere lives; but not the rich, not the friends of Mr Cameron in the City and those attending smart Downing Street dinner parties –the £250k club of rich Tory donors. They do not live in austerity capitalism with its exploitation, rising homelessness, degrading assessments for people on disability and sick benefits, sink estates, poverty, charity food parcel centres and ubiquitous high levels of unemployment. The rich lead different lives. They are not a subservient, exploited class of wage slaves.

And that difference derives from the fact that the capitalist class owns the means of living. The employers own the raw resources of the world, the factories, and the transport, machinery and communication systems and distribution points to the exclusion of the rest of society.

And as a consequence of privately owning the means of production and distribution they live lives of comfort and privilege; first class this and first class that. Their assumed entitlement knows no boundary.

The employers do not even create the social wealth they enjoy in the first place. Workers create the social wealth. The working class are the wealth creators not the capitalist class as politicians misleadingly keep telling us.

Workers are forced onto the labour market to sell as a commodity their ability to work. Employers pay the working class less in wages and salaries than the social wealth workers actually produce. The capitalist class then live off and re-invest this unearned income in the form of rent, interest and profit. Their wealth and privilege is not earned.

And this unearned income keeps on rising. Britain’s wealthiest people saw their personnel wealth rise to record levels in 2012, according to the annual SUNDAY TIMES RICH LIST, at a time when most workers’ earnings were cut, remained frozen or rose less than the rate of inflation.

The combined wealth of Britain’s 1,000 richest people grew by almost 5 percent to more than 414 billion pounds (\$670 billion), the highest recorded by the 24-year-old survey. Some 77 members of the 2012 rich list were billionaires, two more than the previous record in 2008.

The privileged lives of the rich contrasts sharply with the economic discomfort, the unpredictability and the daily grind of the working class. For the rich it is anything money can buy; expensive houses, yachts, cars; a veritable life of luxury. For the working class it is second best or nothing at all.

Security and the Rich

Of course being rich and privileged comes with its problems like the question of security. A security protection industry for the rich has mushroomed over the last fifty years in order for the wealthy to hold on to their social wealth and is worth millions a year; gated communities, security systems, surveillance cameras, bullet proof cars, bank vaults, secure basement accommodation to house private art collections, body guards and in the case of Abramovich's yacht an anti-air to air missile system. What life is it to need this type of protection?

And then there is the burden of taxation that has to be begrudgingly paid for by the rich to support the capitalist State in the protection of their wealth and privilege both from external and internal threats.

As one wit put it, the rich live lives of hell by having to live with other rich people. And then there is the fear of bankruptcy which will drop the former capitalist into the working class. From clogs to clogs in three generations as another wit put it.

There is, of course, no life of privilege and luxury for the working class under capitalism. According to David Cameron workers still have eight further years of austerity to endure aimed at wiping out a record budget deficit as British capitalism struggles to recover from one of the worst economic depressions since the Second World War.

When those eight austere years are up the working class will be told of more economic pain to come. "Pain today, jam tomorrow" the politicians tell us. But tomorrow never comes. In the meantime the rich get richer from the continued exploitation of the working class whether the wages and salaries of workers are rising or falling.

The Failure of Economic Policies

And what can be said of Cameron's own economic policy? It has been an utter failure. Not only has the budget deficit risen to pay for expenditure like unemployment benefits and loss of revenue from taxation but the economic depression continues; "*Plan A*" has become "*Plan AI*" and now it is "*Plan A3*" as the OECD and IMF claims that the economy will continue to contract despite all the government's recent economic policies in an attempt to stimulate the economy. Capitalism will come out of its economic depression only when capitalists are confident to invest again. And that is when they see a possibility for making a profit. Capitalism is about profit-making not meeting human need.

This is not Cameron's first economic depression. As an advisor to John Major, then Chancellor of the Exchequer, his job during the depression of the 1990's was to make sure that any press release had "*global recession*" rather than "*British recession*" in the text so that his political master could not be blamed. And you will never hear a politician take the blame for an economic slump but will want to be praised to the hilt when the economy picks up. Well, politicians cannot have it both ways. The truth is that politicians are totally ineffectual when capitalism goes into an economic crisis and whose policies have no impact on the behaviour of the economy as it moves from stagnation to improved conditions.

The continued down-turn in the economy will not affect the wealthy; their pampered life-styles will continue unabated. Dave's friends are the rich. They do not have to work. They live a leisured existence like buying the new Lamborghini Aventador for £250k to go with their personalised number plate. Others work for them. A life of idle luxury for the rich.

Dave Cameron directs his sermons with monotonous regularity. The other day it was the need for workers to give "*a decent day's work for a decent day's pay*" (INDEPENDENT ON SUNDAY 23rd July 2012). A truly conservative slogan if there ever was one. Just what is a "*decent wage*"? And just what is a "*decent day's work*"? It was Marx who suggested to the working class to ignore this meaningless phrase and instead consciously and politically organise for the "*abolition of the wages system*".

Some of the unearned wealth (surplus value Marx called it) goes to support the various capitalist political parties,

including the Labour Party who “*are comfortable with the filthy rich*” (Lord Mandelson who now “*earns*” £2m as a consultant to the wealthy plus millions more from his other “*interests*”). Ed Milliband might cheer the workers at the Durham Miners’ Gala which he visited this summer but he dines with the rich at exclusive venues; sends emissaries to the City for their support and offers manifestos for the running of British capitalism.

The Labour Party is just a party of capitalism serving the interests of the ruling class. A Party of Labour they are not. When in power they behave just as ruthlessly towards the working class as the Tories. Like Cameron, Ed Milliband denies any alternative to the labour market, to the buying and selling of labour power and to the exploitation of the working class. Interviewed on BBC’s NEWSNIGHT, Mr Miliband said “*I am in favour of capitalism – just for the record*” (28th September 2011). Miliband denies workers under capitalism are exploited. Ed Miliband is in favour of “*productive*” capitalism not what he calls “*predatory*” capitalism. But for capitalism to be productive and make profits it has to be predatory by exploiting the labour power of the working class. Workers not capitalists produce all the social wealth in society.

As for Miliband’s “*solution*” to end the present economic slump, all he can offer workers is a Keynesian “*Plan B stimulus*” of the economy. Such a policy has failed in the past and is failing now. Keynesianism has already been tried and failed as a policy by previous Labour Governments; it has failed in Japan and has now failed President Obama as the continued economic depression in the US threatens his re-election as President even though the rate of unemployment fell in October. Keynes’s ideas are without interest or application for the modern world.

Quite frankly, Ed Miliband has no ideas of capitalism and how capitalism works. He believes he has powers over the economy he just does not have. His ignorance of the profit system was illustrated in his interview in THE NEW STATESMAN (7 -13 September 2012) when he could not even explain what he meant by “*responsible capitalism*”. The problem with politicians is that they believe that by using words, sentences and rhetorical devices they can change society. They can’t. Capitalism controls events not politicians.

While the Labour Party genuflects to the rich the Conservative Party is in an iron-grip embrace with the wealthy. 248 of the top 1,000 capitalists featured on this year’s Rich List have financially supported the Conservative Party since 2001, with donations totaling £83.6m. They denote their cash for influence on policy and for their own businesses.

The Swedish Hans Rausing food packaging dynasty were the highest placed donors on the List in 12th place, with gifts to the Tories totaling £886,000. They were followed by Sir Anthony Bamford and Family, who donated £4.7m to the Tories and who were 20th on the Rich List; the Fleming family, who donated £1.3 million and came in at number 42; and Lord Ashcroft, whose donations to the party totaled £6.1m and who was 62nd on the List. In fifth place was Peter Cruddas, who donated £1.1m to the Conservatives.

Abolition of the Wages System

Here are some other highly placed capitalists in the SUNDAY TIMES RICH LIST who will not be finding it hard to make ends meet in austerity Britain. The three top places in the list were dominated by foreign-born capitalists with a base in Britain, capitalists who made billions of pounds from resource-based industries such as minerals, steel and oil. Lakshmi Mittal is still Britain’s richest capitalist despite losing almost a quarter of his wealth over the past year following a fall in the share value of his company Arcelor Mittal, the world’s largest steelmaker. The Indian-born capitalist saw his personal worth fall by 4.8 billion pounds to 12.7 billion pounds, but still enough to keep him narrowly on top of the list.

Uzbek-born billionaire Alisher Usmanov, who owns around 30 percent of London football club Arsenal, was again in second place and close behind Mittal with a fortune of 12.3 billion pounds. Roman Abramovich, who owns rival London club Chelsea, held onto third place with a personal value of 9.5 billion pounds, down from 10.3 billion pounds last year. The richest British-born billionaire was the Duke of Westminster, who fell from fourth to seventh place even though his largely property-based fortune rose 5 percent to 7.35 billion pounds. Britain’s richest woman was Kirsty Bertarelli, who shares a 7.4 billion pounds fortune with her Swiss-Italian husband Ernesto.

Such is the wealth owned by the rich they might as well live on a different planet. Austerity just does not blight their

lives. It is the working class, not the rich, who live in austerity Britain, as they have always done, whether the government happens to be Labour, Tory, Liberal or one formed of a Coalition from a combination of the three.

Karl Marx noted in his work, CAPITAL, “*Accumulation of wealth at one pole is...at the same time accumulation of misery, agony of toil, slavery, ignorance, brutality, mental degradation at the opposite pole.*”

A contemporaneous description of the bleak and hard times experienced in the second decade of the 21st century by the majority of the people in Cameron’s “*austerity Britain*”.

Does the austerity have to continue? Capitalism’s supporters in the media tell the working class that there is no alternative to austerity Britain, no alternative to the obscene wealth of the capitalist class produced by the exploitation of the working class. “*There is no alternative*” is an empty and dogmatic phrase.

There is an alternative to capitalism and to its austerity, unemployment and poverty but it is an alternative the media and the capitalist class who pay them do not want workers to hear. And the alternative is Socialism. Common ownership and democratic control of the means of production and distribution is the alternative to austerity, the reform politics of the Labour Party and the parasites listed yearly on the SUNDAY TIMES RICH LIST.

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The Pain in Spain (Rests Mainly on the Working Class)

Some 5.7 million workers in Spain, equivalent to almost one in four workers, are now seeking work, according to official figures from the Spanish government. The country's unemployment rate rose to 24.6% during the April to June of this year. That is the highest rate since the mid-1970s (BBC NEWS 27th 2012). Spain is the fourth largest economy in the Euro-zone and requires a €100 billion loan to bail out its bankrupt banking sector. As a condition for the loan the Spanish government has to introduce €67 billion of cuts in expenditure over the next three years.

There are 1.6 million empty houses throughout Spain, many outside the capital, Madrid where protesters have created a tent city similar to the ones erected by the homeless in many of the States in the US. Spain is already in economic depression. Half of workers in Spain between 18 and 25 are out of work. Youth unemployment exceeds 50%, matching the figures in Greece.

The latest spending reduction by the government, which includes 63% cuts to coal subsidies, has resulted in thousands of job losses and has provoked desperate but futile resistance by miners. The cutback came just as the government spent billions rescuing the banks whose exposure to the housing crisis runs into billions of Euros. This June, some 8,000 miners went on strike facing wage cuts and job losses. Striking workers blamed the government, bankers, German politicians, the Central European Bank, Brussels bureaucrats, the IMF, everyone but capitalism.

In response to the high levels of unemployment Red Cross grassroots clinics in Spain have sprung-up everywhere to provide food hand-outs and emergency money to desperate unemployed workers to feed families and pay bills. Workers have two years on unemployment benefits then they have to fall on savings, friends and families then begging.

Shortly 25 % of those unemployed will have nothing and will be forced to beg. There is also mass migration by workers who have the ability to leave the country to find employment abroad, like South America. Workers from Spain living outside the country have increased by 20%.

Sonia Madrid Vega, an unemployed teacher, was recently interviewed by a journalist from Britain. She told him:

We buy less, we eat less. We never go out and I haven't bought myself new clothes for years. All the extras go on the children, for their clothes, their shoes, their school meals. I don't know what we'll do when the savings run out...we were two young happy people with great dreams and ambitions. I can't think about what lies ahead. We thought the

Under capitalism, there are no “*good times*” for the working class neither in Spain nor elsewhere in the world. If you are a worker you cannot have “*great dreams and ambitions*” in a society where the means of production and distribution are privately owned and where the profit motive overrides human need. To have aspirations under capitalism is a pretentious delusion.

Capitalism can only recover when profitability in the productive sectors is sufficiently restored and capitalists are prepared to invest in order to exploit labour-power and accumulate capital. Before capitalism returns to profitability there is a period of economic and social pain.

And that economic and social pain requires a devaluation of old and dead capital, both real and fictitious. Debt must be '*deleveraged*' or written off, empty houses held by banks sold at a loss, company assets like airports, supermarkets and hotel chains, local television and so on must be disposed of to “*vulture capitalists*” at fire-sale prices, so-called “*zombie*” companies must go bankrupt, workers unprofitable to employ must lose their jobs, wages have to fall (as they are currently doing in Greece), the State has to cut back expenditure on so-called social services and what Marx called the “*industrial reserve army*” of labour must increase in size to exert greater downward pressure on wages. And this is precisely what is happening in Spain despite the strikes and riots.

The unemployed teacher’s poor grasp of the economic reasons of why she and her family find themselves living precarious and uncomfortable lives is indicative of the current low level of political understanding of capitalism and its economic laws by the working class. The thought of an alternative Socialist system free from class exploitation and the social problems generated by capitalism never entered the unemployed teacher’s mind. In her interview there was no acknowledgement of capitalism as an anti-social exploitive system with a history and a potential end in class struggle. Nor of the urgent need for workers like herself to consciously and politically establish Socialism.

All capitalism can offer to the working class is exploitive wage slavery and poverty with periodic levels of high unemployment. Workers have to learn that there cannot be a crisis -free capitalism. There are no economic policies that can prevent economic crises and trade depressions.

Workers cannot escape from lives of poverty, toil and social alienation while the means of production are privately owned. Capitalism can only be run in the interest of the capitalist class. It is their social system.

So, what can be done?

Unfortunately, the limit of the workers response to the assault on their pay and working conditions is to strike and demonstrate while a small number of workers want to fight the police. The Trade Unions in Spain called for a General Strike in March 2012 against the government’s labour reforms which led to attacks by some protesters against banks, shops including Starbucks.

Another General Strike took place in September with little more success than the previous one. General Strikes have not stopped a determined government from “*liberalising*” the labour market and carrying out economic and social reforms while the violence merely leads to arrests and imprisonment.

The Spanish government has secure control of the police and armed forces. Demonstrations and riots have been met by the full force of the coercive machinery of government. Stone throwing, letting off fireworks and charging lines of anti-riot police have been no match against batons, plastic bullets, tear gas and water cannon.

Strike action is limited. One of the worst times for workers to strike is in a trade depression when firms are going bankrupt and making workers redundant. The use of violence against the police changes nothing.

And turning attention towards the wild politics of the capitalist Left and the anarchists is a recipe for disaster. The Left and anarchist groups have parasitically leeches onto the discontent of millions of workers in Spain as they have done in Greece. They propose a politics of direct action of either physical violence or an assault on private property.

Some behave like latter day Robin Hoods. Supermarkets are raided and the stolen food is distributed to help feed jobless farmworkers and other unemployed workers (TIMES 7th September 2012).

Another direct action tactic in Spain is to vandalise banks. As one anarchist recently wrote on her blog:

During the strike, many banks in Barcelona were targeted. The outcome were classics of the iconography of the European riots and many might argue a beautiful act of anger – colourful and dramatic. But is it politically effective? For me the key to direct action is that it has both a symbolic and a practical political effect. Symbolically it is clear that smashing the facades of banks creates a striking picture of resistance, which is why anyone doing such a thing is always surrounded by media cameras and the images easily make the front pages of the newspapers. Its direct in that it's not asking for things to change, not asking leaders to make decisions for us, but taking control of our own lives and making the change here and now (<http://randnotizen.steirischerherbst./how-to-hold-up-a-bank-on-riots-and-flamenco-dancing>).

Here is the politics of the child; all rage and fury. When has breaking window glass of banks and other financial institutions ever been “*a striking picture of resistance*” or “*taking the control of our own lives*”? The symbolism is just an empty gesture politics. Nothing changes and capitalism and its institutions survive to carry on exploiting the working class.

What these political idiots forget is that the means of production and distribution including the supermarkets and the food within them are private property. They are owned by capitalists. And they are protected by the capitalist State.

When “*direct action*” has taken place, the police have been called in by supermarket and bank owners and arrests made. Prosecutors have obtained legal orders banning some protesters from going anywhere near supermarkets and banks. Those found guilty of theft by the courts are imprisoned.

Direct Action politics is a dead-end politics. Direct action does not lead to Socialism only to violent confrontation, imprisonment, injury and death. The Left and the anarchists no more understand capitalism than the politicians and bankers they blame for the current economic crisis and trade depression. So, what can be done?

Socialists have long been criticised for not immersing themselves in the immediate day-to-day concerns of the working class. Well, the immediate concern of the working class is to establish Socialism. This appears a hard pill to swallow when workers are losing their jobs and their houses. However, trade union action is severely limited by the trade cycle, there is no right to employment, there is no economic policy which will prevent economic crises from occurring and gains in wages and working conditions are as quickly lost as gained. Until Socialism is established the social problems facing workers will not go away.

So, workers must start to think politically in line with their own class interests. There are five interrelated political steps which Socialists suggest have to be taken.

First, workers must stop giving support to the various capitalist political parties in Spain and in other countries. They should recognise that what is needed is Socialist awareness; that capitalism is the cause of their social problems not the failing of this or that politician.

Second, they should recognise that capitalism must be replaced by Socialism – not the reformist capitalism of the so-called Spanish Socialist Party and its equivalent but the Socialism of common ownership and democratic control of the means of production and distribution by all of society.

Third, workers should be aware that they have the same political interests as workers elsewhere in the world. Immigrants are not to blame for the problems of workers in Europe. Immigrants face the same social problems as indigenous workers. It was Marx who wrote perceptively in the COMMUNIST MANIFESTO that workers have no country.

Fourth, workers should not follow leaders however benign. Workers should think and act politically for themselves.

And finally, and of vital importance, workers should become Socialists and build a principled Socialist party with a singular socialist objective of replacing production for profit with world-wide production for use.

'DON'T PANIC MR MAINWARING, DON'T PANIC'

If evidence is ever needed of the crisis of capitalism and the panic it is causing the ruling class and its political agents then step forward Mr Parris, celebrity journalist and political commentator. Invoking the memory of Corporal Jones from the 1970's Sit. Com., *Dad's Army* he warns his readers:

It's of the utmost importance that we restore and revalidate capitalist values – or we're all done for" (The TIMES 2nd February 2012)

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Timon of Athens: A Play for Today

Timon of Athens was Marx's favourite play. He famously cited the Shakespearean tragedy as an example of the malevolent and anti-social nature of money and saw the play as a trenchant critique of the "'cash nexus'" at the heart of modern day capitalism. According to Marx, '*Shakespeare excellently depicts the real nature of money*' (Marxist.org).

In the section on '*Money*' in the ECONOMIC AND PHILOSOPHICAL MANUSCRIPTS (1844), and later in a footnote to chapter 2 of CAPITAL VOLUME I (1867), Marx quotes extensively from Timon of Athens. Here are two well-known quotations from the play, used by Marx to illustrate the corrupt and destructive effects of money:

*"Gold? Yellow, glittering, precious gold?
No, Gods, I am no idle votarist! ...
Thus much of this will make black white, foul fair,
Wrong right, base noble, old young, coward valiant.
... Why, this
Will lug your priests and servants from your sides,
Pluck stout men's pillows from below their heads:
This yellow slave
Will knit and break religions, bless the accursed;
Make the hoar leprosy adored, place thieves
And give them title, knee and approbation
With senators on the bench....*

And

*O thou sweet king-killer, and dear divorce
'Twixt natural son and sire! Thou bright defiler
Of Hymen's purest bed! Thou valiant Mars!
Thou ever young, fresh, lov'd, and delicate wooer,
Whose blush doth thaw the consecrated snow,
That lies on Dian's lap! Thou visible god...*

In the ECONOMIC AND PHILOSOPHICAL MANUSCRIPTS, Marx said that Shakespeare understood two important properties about money. He stated:

1. *It is the visible divinity — the transformation of all human and natural properties into their contraries, the universal confounding and distorting of things: impossibilities are soldered together by it.*

2. *It is the common whore, the common procurer of people and nations. The distorting and confounding of all human and natural qualities, the fraternisation of impossibilities – the divine power of money – lies in its character as men's estranged, alienating and self-disposing species nature. Money is the alienated ability of mankind.*

These two passages are quite difficult to unpick and it is worth bearing in mind. the manuscript from which they are quoted from was never meant for publication and had been left in an unfinished and fragmentary state. The style of writing also lacks the polish of Marx's mature writings and forms a point in his formative intellectual development when he was engaged with the Young Hegelians and Ludwig Feuerbach, notably the latter's book, THE ESSENCE OF CHRISTIANITY(1841).

Needless to say, what, Marx is in effect saying is that money is a debased and alienated abstraction of human relationships. Money bestows magical properties which give people social power to transform themselves into something they are quite evidently not. As Marx went on to write:

Money... appears as this distorting power both against the individual and against the bonds of society... which claim to be entities in themselves. It transforms fidelity into infidelity, love into hate, hate into love, virtue into vice, vice into virtue, servant into master, master into servant, idiocy into intelligence, and intelligence into idiocy.

Since money, as the existing and active concept of value, confounds and confuses all things, it is the general confounding and confusing of all things – the world upside-down – the confounding and confusing of all natural and human qualities.

An excellent textural analysis of Marx's comments on Shakespeare's play is provided by Kenneth Muir in his paper, "Timon of Athens and the Cash Nexus", in The SINGULARITY OF SHAKESPEARE AND OTHER PLAYS (Liverpool, 1977).

As to Timon of Athens itself, the play's plot is simple; set in the backcloth of a rebellion, an Athenian philanthropist lavishes wealth on his friends who fail to return his generosity when he falls on hard times. As a consequence, Timon slides into an abject misanthropy. Hating human kind and driven into a cynical despair about the possibility of any positive change for good, he kills himself just before the old order falls and the rebels take power.

The current National Theatre production of Timon of Athens is set in modern London with its bankers, Hedge Fund Managers and Financiers. To further heighten the contemporary relevance of the play the director has set the rebellious Occupy London protestors in an encampment on the fringes of the City where they are trying to gain political power.

The rebels make their first appearance in the play offering as a reason for their rebellion a moral critique of money and are seen as a potential threat to the rich. Yet they are a naïve symbol for those who make the mistake in following leaders and who hold the absurd belief that capitalism can be changed into something it cannot become; "a responsible capitalism", a "fair capitalism" and an "ethical capitalism". Camp City, in effect, is a politically empty gesture, in which the protesters are easily led and just as easily corrupted by money.

Society does not change in this National Theatre version of the play. The "cash nexus" corrupts everyone and everything and in the finale, the leader of the Occupy movement joins with the bankers and capitalists at the head table to underscore Shakespeare's apparent cynicism that everyone has their price.

What, though, of political principles? The problem with saying everyone is corrupted by money and has their price is to say that there can be no change to society. Misanthropy, much like the satirical tradition from Swift to PRIVATE EYE and the human nature argument which claims that people are innately sinful, selfish and corrupt, are both deeply cynical and conservative.

Hatred of human beings, belittling those who want to change society in a revolutionary way and believing human

behaviour is fixed and intrinsically evil becomes as corrosive and corrupt as the love of money.

If the core meaning of Timon of Athens is so conservative, pessimistic and cynical that it is impossible for people to have any chance to transcend society for the better why did Marx, the revolutionary Socialist, see it as one of the most important of Shakespeare's plays?

Marx did believe in the revolutionary change of society just as he optimistically located the agent of change as the working class. Not the working class lost in the cult of celebrity, commodity fetishism, vacuous culture, commercial sport and fashion, recreational drugs, casual violence and pornography. Instead he looked to a working class acting for itself; consciously and politically capable of transcending social relationships corrupted by money to new Socialist relationships based on the creativity of labour and the meeting of human need.

In fact, it is a mistake to read into the Timon of Athens as a cynical celebration of a corrosive and warped misanthropy and for a very good reason. In changing circumstances in a revolutionary way we change ourselves and our relations to each other. Sitting in the audience, we are not passive receivers. We think and we question.

Why does Shakespeare want to make us aware of the corrupting influence of money and its mirror image; misanthropy? These are important questions which deserve an answer. And that answer is so that we have the power and intellect to understand and become aware of the alienating power of the former and the conservatism of the latter. In watching the play as an audience we can learn from the mistakes played out by the actors and we can trace out the consequences for their lives by being so obsessed with money.

In short we do not have to end up as Timon all bitter and twisted by the adverse effects of money but recognise that the social system with its money, buying and selling, class exploitation and social alienation can and has to be abolished. And it is this recognition that gives the play its revolutionary content.

Timon of Athens raises consciousness rather than dulling it. We know what money does to human relationships; that money is an alienated abstraction that gains power over those who wield it; and that the use of money causes strange inversions where the economically stupid masquerade as the intelligent, the politically unimportant strut around with self-importance and social parasites are praised by the media as wealth creators when the source of all social wealth is the application of human labour to material existence.

We know, from reading Marx, why money is so important to capitalism; why "*greed is good*" in the day-to-day transactions of the City and generally in commodity production and exchange for profit and why the moralists and romanticists in the Occupy movement at the foot of the steps to St Paul's Cathedral would be sucked into the system they naively and vainly protest against. Ignorance of capitalism does just that, it makes "*the hoar leprosy adored*". A mistake principled Socialist politics avoids.

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Two Conservative Slogans: "A Decent Wage for a Decent Day's Work" and "Work Harder you Idle Shirkers"

Just what is a *decent* wage?

Recently, in one of his tiresome sermons to the working class, The Prime Minister, David Cameron, told workers that they should strive for "*A decent wage for a decent day's work*" (INDEPENDENT ON SUNDAY 22nd July 2012). Just what exactly is a decent day's wage? Is it £100 per day, £1000 per day or £10000 a day? And just what is a decent day's work? Is it a 24 hour working day, a 12 hours working day, or a three hours working day?

Etonian Dave's former Bullington Club fellow member, Boris Johnson scribbles out a weekly column on a Sunday afternoon for the DAILY TELEGRAPH for £250,000 a year. Now, Johnson refers to this not inconsiderable amount of money as "*chicken feed*". Is this the "*decent wage*" for a "*decent day's work*" Cameron has in mind?

Then there is Tony Blair. His "*decent wage*" for advising the bankers, JP Morgan on a very casual basis is £2.5 million a year. Just what this advice consists of, nobody knows. Perhaps it was ethical advice on JP Morgan's \$722 million settlement with the US Government after dodgy derivative dealings nearly bankrupted Birmingham, Alabama. Or was it his sage counseling on J.P. Morgan Securities record fine of £33.32 million (\$49.12 million) in June 2010 by the UK Financial Services Authority (FSA) for failing to protect an average of £5.5 billions of clients' money? Or its major losses of \$2 billion in May, 2012 Who knows? However, the sum of £2.5 million is not chicken feed by any stretch of the imagination. Perhaps Boris Johnson, thinks Blair's "*decent wage*" for services rendered to JP Morgan is not a "*decent day's*" work?

In reality there is no such thing as a "*decent*" or a "*fair wage*". There is no objective criteria for measuring a "*decent wage*" any more than there is for one measuring a "*decent day's work*". Wages are not governed by decency and fairness. And nor are they governed by the type of work involved whether the work happens to be pleasant, dangerous or boring.

"*Decent*" is one of those words like "*fair*" which, when used in political discourse, is similar to wading through the sticky treacle of a Polly Toynbee article in the Guardian. Polly-Toynbee fantasy capitalism – an absurd "*fair*", "*equitable*" and "*responsible*" capitalism favoured by the newspaper and its most of its readership, largely made up of that "*dreary tribe of high-minded women and sandal-wearers and bearded fruit-juice drinkers who come flocking towards the smell of 'progress' like bluebottles to a dead cat*" (Orwell: THE ROAD TO WIGAN PIER).

The criticism levelled by Socialists against the wage's system generally and wage slavery in particular is not a moral but a political one. The ability to work under capitalism becomes a commodity because the worker has to sell his or her labour power to an employer for a wage and salary.

Workers are not only free to sell their labour power to an employer but are also free from the ownership of the means of production and distribution and what is produced. As a commodity, labour power is costed and evaluated, bought and sold, employed, and made redundant.

Furthermore, labour power is exploited producing more value (surplus value according to Marx) than the value of the wage and salary going to the worker. And employers can exploit, degrade and dehumanise the ability to work in this way because they own the machinery of production and distribution.

And they also have their political representatives demanding from the working class an ever higher productivity; an ever increasing rate of exploitation. From his DAILY MAIL pulpit, the journalist, Max Hastings, recently whinged and whined about how a British worker takes ten hours to produce what an American does in eight (October 11th 2012). He does not say how quick he is writing his pro-capitalist drivel for his newspaper compared with his US counterpart.

“Work harder”

So it comes as no surprise to read media reports that a group of Cameron's fellow Tory MP's from the "*Free Enterprise Group*" have recently attacked workers in a book for not being as productive as other workers elsewhere in the world. "*Too many people in Britain prefer a lie-in to hard work*," according to five free market Tory MPs in their new book BRITANNIA UNCHAINED: GLOBAL LESSONS FOR GROWTH AND PROSPERITY (cited in the INDEPENDENT 19 August 2012).

These politicians lament the work ethic of workers in Britain compared to the diligent and hard-working toilers in China and India. Of course, no comment is made by the authors on the idle and parasitical capitalist class in these countries, living off the unearned income of rent, interest and profit. Nor is there any comment made on the

grotesque appetites of the “*political class*” with their furry snouts deep in the swill of the Westminster expenses trough.

Priti Patel MP, one of the authors of the book has never worked in the real world in her life having held various “*political*” appointments since graduation along with a stint in PR – the art of lying for your client - as has another of the authors, Chris Skidmore MP who supplements his MP’s salary by writing facile books on the Kings and Queens of Britain (1066 and all that).

Have they had to endure the day-to-day grind and boredom of wage slavery in an office, factory or supermarket? It is doubtful they have spent a day pushing buttons on a computer keyboard or scanning commodities at a check-out counter. You will not find these politicians engaged in a culture of “*graft, risk and effort*”. Rather than work being a source of creativity in the pursuit of meeting human need, employment under capitalism is merely the extraction by the employer of as much surplus value from labour power as possible. Under pain of competition the capitalist tries to increase the extent and intensity of exploitation.

Like previous generations of politicians who pontificate about the alleged low rate of workers’ productivity they arrogantly dismiss as unimportant the unpleasant, stressful and joyless natures of employment for the working class. They want the Capitalist ethic of hard work, no complaints and do as you are told. As Paul Lafargue wrote of this derogatory “*capitalist ethics*” in his book THE RIGHT TO BE LAZY (1883):

Capitalist ethics, a pitiful parody on Christian ethics, strikes with its anathema the flesh of the labourer; its ideal is to reduce the producer to the smallest number of needs, to suppress his joys and his passions and to condemn him to play the part of a machine turning out work without respite and without thanks (Marxist.org).

As for the accusation of workers “*swinging the lead*”, if Ms Patel and her “*free enterprise*” evangelists ever bothered to sit – for they will be lucky to find a seat - in the second-class cattle trucks coming out of London to the suburbs on a Monday to Friday evening, they will notice countless workers glued to the screens of their laptops working diligently away in their own time for their employers benefit. And these politicians have the gall to tell workers they are idle, lazy and not working hard enough!

Time is Money

The TUC claims that workers are increasingly “*working for free*” for their employers not understanding that all workers work a surplus labour time for free for their employers. Exploiting workers is how the capitalist class make their profits. Workers work a necessary labour time for their wages and salaries and a surplus labour time for their employers creating in the process a surplus value which is realised as profit when the commodities are sold.

The TUC has no time for Marx or for a revolutionary Socialist politics. They are tied to the reformism of the Labour Party. And like Polly Toynbee, they pursue a fantasy capitalism of fairness, good employment practices and regulation.

Recently, the TUC asked the question “*Where have all the lunch breaks gone*”? They point to the disappearing lunch break. Workers have become to believe what they were told by the merchant banker, Gordon Gekko in the 1987 film WALL STREET that “*Lunch is only for wimps*” and have conceded up to thirty minutes of their lunch hour. Many employees now work through their lunch period with only one in five workers takes a regular lunch break (BBC 28th April 2012).

The TUC, ensnared in the dead-end reform politics of the Labour Party, denies the existence of the class struggle, class exploitation and a class interest distinct from the employers. They call for a partnership between workers and employers while idiotically calling for “*a responsible capitalism*”, a phrase associated with Ed Miliband and the conservative doctrine of “*a fair day’s pay for a fair day’s work*”. In the real world the class struggle takes place over the intensity and extent of exploitation and politically over the ownership of the means of production and distribution. In the real world of the labour market there is no “*decency*” and there is no “*fairness*”. Capitalism is hard, boring and unremitting class exploitation.

Abolish the wages system

As for the expression “*a decent day’s wage for a decent day’s wage*” it is so conservative. This reactionary phrase implicitly conserves the capital-wage labour relationship. The political implication in the phrase is that there is nothing beyond the wages system. Workers are meant to accept that they are forever locked in a struggle over the extent and intensity of exploitation. Nothing more.

“*The market can deliver a fair and equitable society*”, politicians cry. The political force of this reactionary politics; a politics shared by the Conservatives, the Greens, the Liberal Democrats and the Labour Party, is that the pay packet and employment is all there is for workers to consider; forever. Naturally, for capitalist politicians there is no alternative to wage slavery and the wages system. They tell workers there is nothing beyond commodity production and exchange for profit. When they tell workers “*there is no alternative to the market*” what they are in effect saying is that there is no alternative to the labour market, the buying and selling of labour power and class exploitation.

Marx replaced this reactionary conservatism with the revolutionary watchword “*abolition of the wages system*”. If the wages system is abolished there is a “*non-wages system*” in which there are no buying and selling of labour power, no labour market, no employers and no employees. And the revolutionary watchword signals a Socialist alternative.

There is an alternative to capitalism and that is the establishment of the common ownership and democratic control of the means of production and distribution by all of society. If the abolition of the wages system was consciously and politically enacted by the working class it would mean two important revolutionary changes: first, the abolition of the labour market; buying and selling of labour power, wages and salaries, employers and employees and, second, in its place the establishment of free voluntary social labour working creatively together to produce and distribute useful things to people according to need.

HOW SURPLUS VALUE IS CREATED

The workers sell their labour power or ability to work to the capitalist at its value. The capitalist now has control over the worker’s time in expended labour power along with raw resources and machinery. The workers, in the production process have lost their freedom; they must do as the capitalist or his representatives tell them to do. What the workers produce as commodities are owned by the capitalist.

The capitalist having paid the exchange value for labour power has gained what Marx calls its use value. The value of labour power is determined by the amount of socially necessary labour embodied in what constitutes the wage or salary. Once the capitalist has bought the commodity, labour power, he makes the workers work, for example, an eight hour day. If four hours’ work reproduces the value of the worker’s wage then during the remaining 4 hours the worker receives no payment. In this process the worker produces four hours necessary time and four hours surplus time. The surplus time in producing the commodity creates a surplus value which is realised as profit when the commodity is sold on the market.

The example above is a simple explanation but it is a fact that profit is created in this way and that exploitation has nothing to do with morality, working hard, nasty bosses and the world view of the TUC and Polly Toynbee and the treacly moralists and social reformers at the GUARDIAN.

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Misrepresenting Marx

Marx produced a critique of political economy not a theory of economics. He said that after the 1830’s classical political economy disintegrated into a “*vulgar economics*”; an economics that was apologetic towards the interests of

the capitalist class and concerned only with the appearance of things.

Marx, in the three volumes of CAPITAL, explained the economic categories of the commodity, money, wages and capital. He also highlighted the underlying process in the formation of prices under capitalism through the operation of socially necessary labour time, abstract labour and the production of value. He did so using his labour theory of value as a scientific tool to explain “*capital in motion*” –the self-expansion of value. He also criticised capitalist commodity production for generating a fetish view of “*things*” rather than transparent social relationships between production and people.

Marx showed that the sum of rent, interest and profit equalled the sum of surplus value exploited from the working class. And he went on to show total prices equalled total value and that the aggregate “*price*” rate of profit equals the aggregate “*value*” rate of profit. He finished his analysis of capitalism by concluding that the profit system causes class conflict and struggle, as well as contradictions and crises at the heart of commodity production and exchange for profit.

At Marx’s death academic economists attempted to block the questions Marx was asking about capitalism by inventing a highly superficial economics known as marginal utility. Within a few decades marginal utility became the dominant economic teaching in the universities. Its adherents claimed the “*new*” economics was “*revolutionary*” but it was in fact a reactionary doctrine, drawing on many ideas first used by political economists of the 1830’s against the “*Ricardian*” Socialists.

Many of the leading economists of the marginal utility school worked in Austria before leaving the country to the United States before the outbreak of the Second World War – Ludwig von Mises, F. A. Hayek and Joseph Schumpeter to name but three. They were supporters of a utopian capitalism which was to be totally free from State interference. They opposed the New Deal as “*Socialist*” and were implacable opponents of the economic ideas of Keynes and his supporters.

After 1945 as the Cold War developed between the US and Russia, the Austrian economists and their doctrine of “*the free market*” was seen as useful propaganda by the US government and its agencies in the battle of ideas against proponents of Russian State capitalism. The free market institutes also misleadingly attacked the ideas of Keynes and high levels of taxation as “*socialist policies*”.

Misrepresenting Marx

The Austrian School of economics, from Carl Mengers onwards, saw their brief as a defence of the capitalist class and the private ownership of the means of production and distribution for profit. Their marginal theory of value, a peculiar understanding of capital and an obsession with prices as signals to allow “*efficient production*” to be possible, made this school a particular representative of what Marx called “*vulgar economics*”. And, following Marx’s death in 1883, it did not take the Austrian economists long to begin a sustained attack on Marx.

In 1896, the Austrian economist, Eugene Bohm Bawerk published his KARL MARX AND THE CLOSE OF HIS SYSTEM, claiming that Marx had made a contradiction between the first and third volume of CAPITAL. According to Bohm-Bawerk, Marx had shown in the first Volume of CAPITAL that commodities sold at their values but in the third volume of CAPITAL he had changed his mind and now stated commodities sold at their “*prices of production*”. This became to be known as the “*transformation problem*” and is still considered by current proponents of the Austrian School of Economics as a knock down reply to Marx’s critique of capitalism.

Of course, this was not the case at all. Bohm-Bawerk’s criticism was first answered by R. Hilferding in his BOHM-BAWERK’S CRITICISM OF MARX (1904), Boudin in his THEORETICAL SYSTEM OF KARL MARX (1907) and then by G. Kay in *Why Labour is the starting point of Capital* (VALUE, ed. D. Elson CSE Books 1975 p.p. 46-66). More recently, Andrew Kliman, in his book RECLAIMING MARX: A REFUTATION OF THE MYTH OF INCONSISTENCY (2007) showed the method used by Bohm-Bawerk – the same method adopted later by von Mises (a student of Bohm-Bawerk’s) to attack the claim made by Socialists for the rational efficiency of Socialism over capitalism – to be defective, concluding:

Bohm-Bawerk's critique of Marx's account of the value-price transformation is unsupportable. His key claim – namely that Marx denied that it was self-contradictory to hold that prices do and do not tend to equal values – is implausible and unsubstantiated. Also, Bohm-Bawerk's conclusion that Marx's account (of the equality of total price and total value) is tautological rests on a very controversial premise ... [which Marx did not accept] (p. 146 and p.207).

Bohm-Bawerk asserts that Marx made a contradiction between CAPITAL VOLUME 1 and CAPITAL VOLUME 3. He states that Marx in volume 1 said “*commodities tend to sell at their values*” but in volume 3 changed his mind and said that “commodities do not tend to sell at their values”. But is this interpretation of Marx correct? The Austrian School of economics will not budge from their anti-Marxian position and admit that Bohm-Bawerk's interpretation of Marx was wrong and that a valid and sound counter-interpretation within Marx's own method and presentation can be put forward instead. After all, Bohm-Bawerk's criticism of Marx was the best defenders of capitalism could come up with. So what can Marx's current critics they put in its place? Nothing at all.

The Mises web site still publishes Bohm Bawerk's erroneous attack on Marx as though Hilferding and others have written no valid counter-criticism. After all it suits Marx's critics to make him look stupid by supposedly committing an elementary logical error, perhaps understandable in a first year philosophy student but not from someone who holds a doctorate in the subject. But Marx wrote the draft to volume 3 of CAPITAL long before he published Volume 1 of CAPITAL in 1868 and set down several footnotes in CAPITAL VOLUME 1 warning the reader that he was only assuming that commodities were being sold at their values. These important footnotes were conveniently ignored by Bohm-Bawerk in his criticism of Marx (see the article MARX, CAPITAL AND CONSISTENCY <http://www.socialiststudies.org.uk/edu%20transformation>).

Bohm-Bawerk totally ignored Marx's method of abstraction and step-by-step movement from one economic category to the next in order to “*to reveal the economic law of motion of modern society*” (Preface CAPITAL VOLUME 1 Penguin 1996 p.92). He misunderstood why Marx was justified in using labour rather than value in use as the starting point of his analysis of the commodity. He even selectively lifts quotations from CAPITAL without understanding the context in which they were written. Marx suffers from Bohm-Bawerk and his supporters the same type of misrepresentation as Darwin is subjected to at the hands of religious fundamentalists.

Of course there is nothing that ever could be said to Bohm-Bawerk's modern day supporters to make them accept that there was no contradiction between the first and third volumes of CAPITAL any more than they could ever accept that the so-called “*Economic Calculation Argument*” of another Austrian economist, Ludwig von Mises, has no application to the rational efficiency of production and distribution of a future Socialist Society.

The Austrian School of economics is perhaps one of the most vulgar and superficial schools of economic thought doing the rounds in US and British universities today. However, unlike the Keynesians who dismiss Marx out of hand, the attention paid to Marx by Bohm-Bawerk and another economist, J. M. Schumpeter forces the Austrians have to take Marx's critique of capitalism seriously. Nevertheless their criticisms against Marx and Socialism do not hold water and not too much time should be wasted in persuading these particular defenders of capitalism the error of their ways; the case for Socialism is directed at the working class not capitalism's apologists.

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What is Rational about Capitalism?

Market Failure

Capitalism is suffering one of the worst economic depressions for over a hundred years. The economic crises which began in 2008 broke the grip of economic liberalism with its demand for free markets, free trade, cheap non-unionised labour and flexible labour markets as a precondition for a crisis-free capitalism of sustainable growth. Like all capitalist economic theories it could not deliver. Economic liberalism was the unsubstantiated belief in a capitalist

utopia, a utopia recently aired by the economic journalist Jeremy Warner (DAILY TELEGRAPH 27th July 2012).

Warner still enjoys going to economic lectures at the graveyard of economic theory at the Adam Smith Institute and Centre for Policy Studies where the faithful cling to the theological ideas and beliefs that markets do not fail and capitalism is guided by the invisible hand of the market. The self-regulating harmony and perfection of commodity production and exchange for profit is held almost as a religious conviction by market fundamentalists like Mr Warner. If capitalism “*goes wrong*” then it is the fault of politicians, the Bank of England, bankers, the working class, greed, the wrong mathematics and so on. The blame-game is endless. The truth is that “*free market*” policies can no more create a crisis-free capitalism than its predecessors could. Markets, as Marx demonstrated in CAPITAL, fail. Markets are not perfect. And in the labour market workers are forced to sell their labour power and exploited during the productive process.

Another believer in the power of the market is the DAILY MAIL’s leading saloon-bar polemicist, Richard Littlejohn. He wants a return to the economic conditions of the late 19th century under the premiership of the Tory, Benjamin Disraeli when there was low taxation, a small State and little or no “*red tape*” to stop “enterprise, thrift and competition”. “*Slash government spending, slash taxation and slash regulation*” he bellowed (July 27th 2012). Littlejohn forgets that the period between 1870 and 1895, when all the economic reforms he supports were in place, was the time of the Great Depression which lasted for 25 years.

Now the pendulum has swung back in favour of a regulated capitalism, particularly in the finance sector along with calls for the government to re-introduce Keynesian policies to stimulate the economy. This previously failed economic policy will be to no avail as President Barak Obama has discovered with his economic reforms where billions of dollars has been fruitlessly spent on a “*fiscal stimulus*” to the economy. A regulated capitalism in tandem with government spending can no more prevent or cure economic crises and periods of high unemployment than de-regulated capitalism can.

The reason why government spending on creating jobs does not reduce the total amount of unemployed workers is simple. Every increase in government spending in one direction is cancelled out by an equal amount of saving elsewhere. This can be seen in the Trade Union scheme in the 1970’s to create jobs in the Health Service by reducing defence expenditure. If the government creates 200,000 jobs in the Health Service and sacks 200,000 workers in the armed forces it does not reduce the total unemployment. But it is equally true of any government increase of expenditure. The only way that it can be paid for is by reducing the purchasing power of taxpayers by an equal amount.

Marxists do not have to make up the failure of Keynesianism as an economic theory but only have to point to the use of Keynesianism as a government policy in the 1970’s when a Labour administration under James Callaghan was confronted with economic stagnation and simultaneous rising inflation and unemployment. According to Callaghan’s economic advisors, economic stagnation should not have happened. But it did. Callaghan was forced to replace the failed economic ideas of Keynes with the equally fallacious economic policies of Milton Friedman.

Politicians cannot make capitalism run in the interest of all society whether the economy is regulated or not. Workers are exploited whether capitalism is wrapped in red tape or allowed a high degree of unregulated flexibility and employers can do mostly what they want. In both cases workers are exploited producing more social wealth than they receive in wages and salaries. Their lives are still insecure and unpredictable. And they still face unmet need particularly in education, health, housing and creative work.

What of the economists?

What of the economists during the economic crisis and subsequent trade depression? What do they say about themselves? In his book CAPITALISM HITS THE FAN (2010), Richard. D. Woolf remarked:

“The (economic) profession’s shameful history of opportunism may be best illustrated by the January 2009 annual meeting of the supremely mainstream American Economic Association (AEA). Late 2008 had seen big business get trillions in government bailouts. Leading mainstream economists at the AEA meeting cravenly announced the errors

of their former ways and advocated a return to Keynesian economics. Neoclassical economists saw their careers jeopardized and acted quickly. New York Times reporter Louis Uchitelle even applied the religious term “conversion” to the paper by Harvard’s Martin Feldstein. Like many born-again Christians, though, born-again Keynesians will no doubt backslide at the first sign of financial-sector stabilization” (p. 105)

In Britain, when the Queen visited the London School of Economics shortly after the so-called “credit crunch” to open a new building she asked of the economists assembled there: *“why didn’t they see the credit crunch coming”*, an understandable question for one so rich. The Queen, in fact, lost a sizable portion of her £320m million wealth during the crisis and so had an interest in asking the question. The assembled economists were unaccustomed to being criticised in public and as a way of an answer blamed everyone and anyone but capitalism itself promising Her Majesty a more considered reply to her question at a later date (DAILY TELEGRAPH 5th November 2008). The Queen did in fact receive a considered letter of apology from a group of *“eminent economists”* who were set the task by the economic establishment to explain why the credit crunch took place and why was the subsequent economic crisis and depression anticipated by the *“masters of the universe”*. This is part of their grovelling reply:

In summary, your majesty, the failure to foresee the timing, extent and severity of the crisis and to head it off, while it had many causes, was principally a failure of the collective imagination of many bright people, both in this country and internationally, to understand the risks to the system as a whole (CBS MONEY WATCH 26th July 2009).

Again, the *“eminent economists”* stated that the economic crisis was the fault of individuals rather than a result of a systemic problem within commodity production and exchange for profit. What the authors of the letter should have admitted to the Queen is that all the *“bright people”* cited in their letter just did not understand the profit system they professed to study. Capitalist production is a system of anarchy; anarchy within production, between competing capitalist firms and internationally. Capitalists have no knowledge of whether their commodities will sell or not. The rational and spontaneous market order of F. A. Hayek’s fevered imagination is just a utopian fiction (see *Hayek: A Critique*, Alain Benoist, Telos, winter, 98 no. 110). Hayek believed unquestionably in Say’s law that buyers bring sellers to the market in harmonious interaction with each other. This was not the case as Marx explained in CAPITAL.

Marx disagreed with Say’s Law by pointing out that no one is forthwith bound to purchase because he had just sold (CAPITAL volume 1 Ch. III on Money p. 113). If no buyer is found for the commodities then over time the expected profit begins to disappear; workers are made redundant, stocks begin to pile up, creditors are at the door and the bank removes the overdraft facility. The result is bankruptcy for the capitalist and unemployment for the workers. And defenders of the market claim this anarchy of production is the outcome of rational economic efficiency! If workers want a rational system of production and distribution just to meet social need then they will have to organise consciously and politically to replace capitalism with Socialism.

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Quantitative Easing, Inflation and Hoarding.

Marx and Inflation

For Marx the key factor determining changes in the general level of prices is the amount of *“money”* (notes and coins) in circulation in relation to the amount needed in given conditions of production and trade.

Writing about Britain in which the government, through the Bank of England, controls the issue of notes and coin, Marx showed that the government can adopt one or other of three policies: push more currency into circulation and raise the general price level – inflation; keep the amount of currency under control – a relative stable price level as in the century before 1914; or reduce the amount of currency in circulation and so bring down prices – deflation.

Marx set out his theory of inflation in capital, volume 1, Chapter 3, section 2, part c, *Coin the symbol of money*. He based it on his law of value and he used as his illustration the gold standard as it existed in Britain at the time.

Marx wrote:

If the quantity of paper money represents twice the amount of gold available, then in practice £1 will be the money-name not of ¼ of an ounce of gold, but 18 of an ounce...the values previously expressed by the price of £1 would now be expressed by the price £2 (Penguin p.225).

Several qualifying factors need to be taken into account

Modern economists, both the Keynesians and the Monetarists, and the Treasury and the Bank of England use the term “*money supply*”, but they do not mean what Marx meant by money. For them “*money supply*” is predominantly bank deposits. They all reject the idea that notes and coins are a governing factor in determining the price level.

A stable price level, as it existed from 1850 to 1914, does not mean any price change at all. Prices rise moderately in booms and fall in depressions. Further, the “*needed*” amount of currency rises with growth of population and production and falls with monetary developments such as the growth of the banking system (to which Marx drew attention) and later on the use of credit cards and the like.

So Marx never subscribed to the theory that every change in the amount of currency produces an equal change in prices.

Finally, it should be noted that Marx did not subscribe to the Quantity Theory of Money as the late economist Milton Friedman mistakenly thought he did. Marx was not a Monetarist. He was not, to use an expression of Margaret Thatcher “*one of us*”. Marx showed that an excess issue of inconvertible paper currency depreciates the currency and causes prices to rise, though it is not the only factor affecting prices.

What is Quantitative Easing?

Quantitative Easing (QE) simply means the Bank of England transferring a pre-determined quantity of money to the commercial banks in return for the purchase of their financial assets, which consists largely of government bonds.

A question arises about the impact of QE on inflation. One of the trenchant critics of QE is the Austrian School of Economics which is predominant in the US but influential in the UK through “*free market*” organisations like the Cobden Society, the Adam Smith Institute and the Institute of Economic Affairs. When the Federal Reserve and the Bank of England initiated QE in 2008 supporters of the Austrian School stated that it would automatically increase the rate of inflation to levels once experienced in Germany during the Weimer period of the 1920's. Although inflation has increased, hyper-inflation has not occurred. As one economic journalist observed about QE: “*...very little of this money gets to the industrial and commercial borrowers...Instead it gets stuck in the banks or finds its way into the markets, where it creates financial bubbles...*” (independent 15th September 2012)

QE is supposed to be an expansionary monetary policy designed to promote economic recovery. The rationale behind the policy is that the addition of new funds to the capital base of the commercial banks (at or near zero interest rates) will enable them to, in turn, extend new credit to capitalists at reasonably low rates. Capitalists, so the theory goes, would then be encouraged to borrow, to expand, to hire workers and, therefore, create growth and prosperity.

The Bank of England thought that the buying of gilts would generate growth but did not understand two consequences of its policy. Firstly, many gilt-sellers are foreign investors who use the money received from the Bank to buy overseas assets. Secondly, the banks are desperate to rebuild their balance sheets and have tightened lending conditions. Why should they lend to potential bad risks. Banks are not charities.

Who are the winners of QE? According to the financial economist, Jeremy Warner, it is the bankers:

“*...they (the bankers) have been...bailed out by it (QE)...there is not much evidence of it doing anything to*

restimulate demand and growth, and you wonder what's become of all that newly printed money – worth a third of the national debt in Britain in the last count (DAILY TELEGRAPH 3rd August 2012)

Another beneficiary is the Government itself. Writing in the FINANCIAL MAIL (5th May 2012), the economic journalist, Dan Atkinson wrote:

The first £8billion of gilts – Government bonds – bought under the Bank of England's quantitative easing scheme will be due for repayment from the start of next year. That means the Treasury will give the Bank £8billion to redeem gilts that the Bank bought The Bank, a nationalised industry whose shares are owned by the Treasury, could then return the £8billion to George Osborne and his colleagues.... <http://www.thisismoney.co.uk/money/news/article-2139986/Treasury-make-8bn-public-debt-disappear-cancels-bonds-bought-Bank-England.html#ixzz22ka2QATW>

The government also gains with lower borrowing costs although this has not stopped governments having to borrow more through the current depression which has seen the national debt rise to £1 trillion in January 2012. Inflation reduces, over time, the money the government has to pay back to lenders.

One side effect of the QE policy not anticipated by the Bank of England was that its £375 billion injection into the commercial banking system undermined the annuity rates determining pensions. Someone who retired in 2012 would now get a pension worth a third less than in 1990. Annuity rates are linked to gilts, the bonds which the Bank of England has been buying through QE. When the price of gilts increases it costs more to buy the same income. Insurance companies are dependent on gilts to pay out annuities and it is costing insurers more and as a consequence they are paying out less money to pensioners through lower annuity rates.

QE and Hoarding

Why Quantitative Easing? Economist journalists, like Jeremy Warner, believe that it is the shortage of investment funds and the inability of capitalists to get credit. This appears not to be the case.

Borrowing and investing in the production of commodities is weak not because there is a shortage of investment funds but because capitalists do not see a profitable outcome to invest. Within the British economy, businesses are estimated to be holding £731.4 billion in cash hoards, the highest level on record. This hoard of money capital (£118 billion) is six times bigger than the total UK business investment for 2011 (WHAT TO DO WITH CORPORATE CASH, Deloitte Press release, 7 February 2012).

One example of current hoarding of money capital by businesses is Rolls Royce. This is what THE ECONOMIST recently wrote about Rolls Royce, one of British capitalism's most successful companies:

Like much of corporate Britain, Rolls Royce has been piling up money for a rainy day. At the end of 2010 it had £2.9 billion in cash stashed away. Its net cash (i.e. excluding debt) rose to £1.5 billion last year, equivalent to around 15% of revenues (19 May 2011).

It is not because the cost of borrowing is too high, as is implicitly assumed by supporters of QE, but because the uncertain market conditions British capitalism is currently experiencing does not warrant investment and expansion.

Estimates of the money capital hoards vary, but the situation is similar in Europe and the US. In the Eurozone countries, the cash hoards are estimated to be almost €2 trillion – most of it held in short-term, overnight deposits (*Cash-Hoarding Companies Seem Unable to Splash Out*, FINANCIAL TIMES, 11th March 2012)

Using their surplus cash to provide jobs for the unemployed is not what the capitalists are in business to do. When the economic conditions improve and there are prospects of making a profit, companies will be only too willing to invest.

QE: A failed policy for a failed economic system

The US Federal Bank is now initiating phase 3 of its QE policy in an attempt to lower the unemployment rate to 7.5 per cent in two years' time. The policy of quantitative easing was first tried in the 1930s to bring down unemployment by the US Federal Reserve and did not work then just as it is not working now. The depression in the US only really ended with the country entering the Second World War in 1942 and production was largely switched to producing armaments and the unemployed were drafted into the armed forces. And the same QE policy was used unsuccessfully in Japan in the 1990's after every other economic policy had failed.

Wherever it has been tried QE has not succeeded to achieve its objectives. Even its supporters struggle to argue that QE has been even a partial success taking refuge in the assertion that "*if QE had not been tried the situation would have been worse*" forgetting the claim by its proponents that QE would end the current depression and all would be back to normal. Take, as an example, the experience of Japan where QE has been used since the mid 1990's in an attempt to pull the economy out of a deep and prolonged economic depression. Whereas the US and Britain are on phase 3 of QE, Japan is on phase Q7 with little or nothing to show for it. The Japanese economy has been in stagnation for about 20 years.

This is what the free-market supporting economist Jeremy Warner recently wrote about Japanese policy:

"...neither QE, nor indeed massive, Keynesian-style, deficit spending, have managed to achieve the hoped for economic revival" (DAILY TELEGRAPH 21st September 2012)

Instead of growth Japan continues to experience poor economic performance and strong deflationary pressures which according to the Bank of England it is the one thing QE is supposed to be able to resolve.

There is no visible signs in the US and Britain of success for the policy of QE. The US has continued to experience poor growth and high levels of unemployment, rising to some 8.13% of the workforce in August 2012 before falling back slightly in September. The unemployed rate in the US remained above 8 per cent for more than three years – the longest period of time since the depression of the 1930's despite claims by Obama's administration that it would fall. In Britain the economy is still in negative growth and although unemployment has fallen most of the new jobs are part-time or "*self-employed*"; all vulnerable if the economy falters again. What growth there is in the economy is anemic.

The wild-eyed free-marketers have their solution. "*Do nothing*". According to Milton Friedman:

"If you go back to the 1930's, which is a key point, here you had the Austrians sitting in London, [Friedrich] Hayek and Lionel Robbins, and saying you just have to let the bottom drop out of the world. You've just got to let it cure itself. You can't do anything about it. You will only make it worse"

(Quoted in: THE FAILURE OF CAPITALIST PRODUCTION: UNDERLYING CAUSES OF THE GREAT DEPRESSION, Andrew Kliman, Pluto 2010 p. 23).

What economist today would tell politicians you cannot do anything about a trade depression; let unemployment go up, wages fall, allow firms to go bankrupt, watch people lose their homes and see a rise in crime and social disorder? What economist would be brave enough to tell politicians: "*let the economy cure itself*" after all "*it's only creative destruction*"? So economists misleadingly tell politicians that the Treasury and the Bank of England possess economic powers they just do not have.

Capitalism is immune to the theories of economists and the policies of governments. Ben Bernanke, Chairman of the Federal Reserve, is supposed to be a "*scholar*" of the 1930's depression believing the cause of the depression was a monetary failure rather than contradictions within the heart of commodity production and exchange for profit. However, there is no economic policy that can anticipate an economic crisis and no economic policy that can resolve the crisis and subsequent depression once it takes place.

The trade cycle passes through a periodic cycle of boom, crisis, slump and up-turn even though class exploitation occurs no matter where capitalism is along the trade cycle. And the social cost of the economic slump falls on the working class in the form of high levels of unemployment, social upheaval, insecurity and social alienation. In the

light of the failed reforms of politicians Socialists advise the working class not to “*let capitalism cure itself*” but to organise consciously and politically for the swift abolition of the anarchy of commodity production and exchange for profit and its replacement with Socialism.

MARX AND UNDERCONSUMPTION THEORIES OF CRISES

The “workers can’t buy back” theory was known to Karl Marx and was repudiated by him (see CAPITAL VOL. II, CHAPTER XX, section IV page 476 in the Kerr edition). Marx wrote:

But if one were to attempt to clothe this tautology with the semblance of a profounder justification by saying that the working class receive too small a portion of their own product, and the evil would be remedied by giving them a larger share of it, or raising their wages, we should reply that crises are precisely always preceded by a period in which wages rise generally and the working class actually get a larger share of the annual product intended for consumption. From the point of view of the advocates of “simple” common sense such a period should rather remove a crisis”.

It has continued to be true that each crisis has been preceded by this rise in the share going to the working class; due partly to the fact that in that pre-crisis stage more workers are in work, and partly due to the fact that in a “boom” period the real weekly wages of the workers rise.

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Socialism and the Empty Headed Thoughts of Ed Miliband

A Responsible capitalism?

The Labour Party leader, Ed Miliband, was recently interviewed by the journalist, Charles Moore (DAILY TELEGRAPH 15th September 2012). Miliband began his interview with a nod to the prejudices of the newspaper’s readership by stating he supported the “*the free market*” and praised Margaret Thatcher for her political ambition to give people “*an aspiration to better themselves*”. What he meant by “*the free market*” and how he thought workers could have “*aspirations*” in a class divided society was passed over in silence.

The interview then moved on to Ralph Miliband, Ed Miliband’s father, constantly referred to in the media as a “*Marxist*” and who was described by Moore as “*a leading thinker of the pure Left*”.

What did Ralph Miliband’s “*Marxism*” amount to? In his books, such as “MARXISM IN BRITAIN (1977) and “CLASS POWER AND STATE POWER” (1983), all his “*Marxism*” amounted to was support for nationalisation and telling the working class to vote for the Labour Party at elections if it was led by a “*pure Left*” leadership – intellectuals like himself. What he rejected was the key Marxian principle that the working class was capable of establishing Socialism without the need for political and intellectual leaders.

Nationalisation and the Labour Party have nothing to do with Socialism. Nationalisation is just state capitalism; the retention of the wages system and class exploitation while Socialism is the common ownership and democratic control of the means of production and distribution by all of society. Socialism has never existed; Russia under the Bolsheviks was not Socialist any more than China, Cuba and Vietnam are Socialist now.

And, according to the former Prime Minister, Tony Blair, the Labour Party exists “*to run capitalism better than the Tories*” not in offering the working class an alternative to the profit system. Of course political parties cannot run capitalism; it is the other way round, capitalism runs and ultimately destroys politicians, whether Labour or Tory. The Labour Party has never been, is not and never will be a Socialist Party. Ed Miliband came close to admitting as much when he refused to consider Socialism as a distinct social system claiming instead it was about “*values*” and

“social justice”. Socialism is a social system or it is nothing.

Why does Miliband dogmatically deny Socialism is a social system with its own particular social relationships to the means of production and distribution? The reason is because Miliband believes there is no practical alternative to capitalism; that capitalism has no termination in human history and is going to last forever. However the establishment of Socialism is a historical necessity precisely because of the systemic failings of capitalism as a social system. Capitalism is a *“fetter on production”* and cannot be reformed to meet the needs of all society.

When World Socialism is established, consciously and politically by a Socialist majority, production and distribution directly for social use will take place within a framework of common ownership and democratic control by all of society. Socialism will be a society of voluntary labour, of free men and women leading fulfilled and creative lives. In Socialism there will be no labour market, no buying and selling of labour power and no wages system. Socialism will be *“From each according to ability to each according to need”*, as Marx put it.

Capitalism: Indecent, inhumane and confrontational

Milliband went on to tell Charles Moore, *“I want to save capitalism from itself... we are living in a crisis of capitalism”*. He even said that he wanted a capitalism that can become *“more decent, more humane, more fraternal”*. Yet no understanding of capitalism was forthcoming in his interview. He even remarked that Labour was on the side of capitalists who want to get rich, provided they work hard for their money. When have the capitalists needed to work?

Has Milliband ever bothered to read Marx’s CAPITAL and get beyond the first page of the text which proved to be such a barrier to a former Labour Prime Minister, Harold Wilson? Surely an inquiring mind would want to know how capitalism works, the process by which the working class produces all society’s social wealth and why capitalism is indecent, inhumane and shot through with conflict and contradiction. Not once in his discussion with Mr Moore did he intimate that he had ever bothered to turn over the pages of CAPITAL to learn something new about capitalism from Marx who had spent a life-time studying the subject. Such is the closed mind of Ed Miliband. He is just an empty-head.

What Miliband means by *“a crisis of capitalism”* is that there is now a greater questioning of the profit system than there was a decade or more ago when workers were told by Thatcher and Blair that there was *“no alternative”* to the market, buying and selling and private property ownership. The current economic depression, the banking and financial scandals and the failure of economic policies to do anything about reducing unemployment, is causing politicians a severe problem in presenting capitalism in a positive light.

Not only is there increasing anger, discontent, and questioning of the effects of capitalism but, tentatively, some workers have started to turn their attention towards recognizing a practical Socialist alternative to capitalism. This is reflected by the increase over the past six years of visitors to the web site of the reconstituted Socialist Party of Great Britain and the growing interest in our Socialist ideas. There is a long way to go. The formation of a world-wide Socialist majority appears to be a long way off. However, as Marx wrote in the COMMUNIST MANIFESTO: *“Capitalism creates its own grave-diggers”*.

When Miliband says he wants to save capitalism from itself what he means is that he wants to ensure no Socialist alternative is given breathing space. He wants a raft of social reforms to retain working class support for the profit system but he does not know what reforms to pursue. He wants to present capitalism in a new light but has no idea how to do so. He thinks either a PR exercise or empty political rhetoric about a *“responsible capitalism”* can hide the social damage caused by the profit system but knows this is really only window dressing. It is a political impotence he shares with David Cameron and Nick Clegg.

So an alternative social system to capitalism is dismissed by Ed Miliband as *“Marxist dogma”*. To just state Marxism is a *“dogma”* does not invalidate the soundness and validity of Marx’s Socialist ideas and his theories about capitalism. The problem is that the Labour Party has no ideas of its own. Like political plagiarists they have always borrowed their policies from liberals like Beveridge and Keynes. They even have their economic ideas spoon-fed to

them from free-market economists from the financial institutions in the City. Under the last Labour Government, the Treasury and Downing Street were both awash with supporters of economic liberalism telling Labour Ministers that there was never going to be another economic crisis or trade depression because the financial whiz kids wheeling and dealing in the City were the “*masters of the universe*”.

Marx, for example showed, and subsequent events have confirmed his study of capitalism’s economic laws, that arising from capitalism’s inescapable anarchy of production, it progresses in a cycle of moderate expansion, then conditions of boom, onto an economic crisis and finally to a trade depression. In other words, capitalism moves from one crisis to the next. Ed Miliband conveniently forgets that he was a member of the last Labour government which boasted that under Gordon Brown there was going to be no more “*boom and bust*”.

Contrary to Miliband’s ill-educated assessment of Marxism, it is in fact an interrelated theory of history, a labour theory of value and the political concept of the class struggle. Marxism is a coherent theory and provides an understanding and critique of capitalism something totally absent from Miliband’s own thinking. Marxism is not dogmatic; it is not a closed theology but a method of inquiry to give workers an understanding of capitalism in order to abolish it consciously and politically through Socialist revolution.

The domination of the profit motive

Miliband then went on to say that he had been influenced by Anthony Crossland, Labour’s intellectual guru of the 1950’s. Crosland believed capitalism had fundamentally changed its characteristics from what had been the case before the Second World War. Was his analysis of capitalism correct? In his book, THE TRANSITION FROM CAPITALISM (Fabian Essays 1952) Crosland wrote:

The most characteristic features of capitalism have disappeared - the absolute rule of private property, the subjection of all life to market influences, the domination of the profit motive, the neutrality of government, typical laissez-faire division of income and the ideology of individual rights.

These characteristic features of capitalism never disappeared. They are alive and well today. The means of production and distribution are still owned by a minority capitalist class, all social life is increasingly being subject to commodification and the market and the profit motive dominates lives more so today than when Crosland wrote his book in 1952.

Crosland also believes that Keynes and the economic ideas contained in his book THE GENERAL THEORY (1936) had ended the trade cycle. Crosland thought that the economic depression of the 1930’s, with its millions of unemployed workers, would never return. He thought that government and its economic advisors could prevent periodic “*boom and bust*” and guarantee conditions of permanent and rising economic growth along with full employment.

Ironically, it was left to the former Chancellor of the Exchequer and Prime Minister, Gordon Brown to write an introduction to one of Crosland’s other books, THE FUTURE OF SOCIALISM, first published in 1956 but republished fifty years later to celebrate Crosland’s influence on the Labour Party, in which he praised Crosland’s supposed understanding of capitalism to the hilt. Two years later, in 2008, capitalism hit the fan and Brown’s premiership was toast.

Finally, Miliband says he wants a “*responsible capitalism*” adding that capitalism is the “*least worst (sic) system we have got*”. Wrong. Since the end of Feudalism, capitalism is all we have got. And Capitalism can only be capitalism no matter which government is in power. Capitalism has to be exploitive and aggressively competitive leaving a great number of losers and a small number of winners. Capitalism also causes deep and damaging social problems; foremost among them are war, poverty and unemployment. And there is no policy politicians can enact to prevent these social problems ruining and destroying the lives of millions of workers. Unfortunately capitalism is the only social system we currently experience; with its ugliness, squalor and violence blighting the lives of billions of people. Capitalism is a system of class exploitation creating an environment that is “*nasty, brutal and short*”. However there is a Socialist alternative realisable through the conscious and political action of a Socialist majority

not through the conservatism of Ed Miliband and the Labour Party.

INFLATION AND UNEMPLOYMENT

In the last quarter of the nineteenth century, during what was known at the time as The Great Depression, and again the depression between the two world wars, an increasing number of workers – and even some professional economists – were paying attention to the analysis of capitalism made by Karl Marx in his work CAPITAL. Marx showed that unemployment, and its rise to peak levels in periodical phases of trade depression, arose out of the structure of capitalism itself, and is therefore inevitable while capitalism lasts. This growing interest in Marx was all but extinguished with the publication in 1936 of J.M. Keynes' THE GENERAL THEORY OF EMPLOYMENT, INTEREST AND MONEY. According to the new doctrine it only needs that the government “manage the economy in such a way as to maintain demand” for full employment to be created and trade depressions to be demolished. Keynes described Marx's Capital as “*an obsolete economic textbook, which I know to be only scientifically erroneous but without interest or application for the modern world*” (“A SHORT HISTORY OF RUSSIA”, J.M. Keynes, 1925) ... Alone in this country the Socialist Party of Great Britain insisted from the outset that Marx was right; that the new doctrines were fallacies; that full employment cannot be maintained; that trade depressions cannot be eliminated (QUESTIONS OF THE DAY, pp. 92-3 1976).

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What we said and When

WHAT WE SAID – AND WHEN

THE SOCIALIST PARTY OF GREAT BRITAIN

CAMDEN & NORTH WEST LONDON BRANCHES LECTURE SERIES

Fact sheet No. 4

Lecture, TRADE UNIONS AND THE GENERAL STRIKE 7th December 1986

What We Said and When

It (united trade union activity) must be carried out peaceably. Any attempt at riot or destruction must be sternly repressed, as it would at once give the signal for the use of the armed forces against defenceless men. All nonsense about “taking possession of works etc.” must be repudiated or ignored, as that way leads to disaster.

The stoppage must not be allowed to drag on indefinitely. If it does not affect its purpose in a short sharp action then it will have failed, and men must accept the inevitable for the present (SOCIALIST STANDARD, April 1922, from an article urging united trade union action to stop wage reductions).

The only objective of a social revolution...is Socialism. The very facts that the Government were in power, that millions of workers had supported them less than two years ago at the polls, and that those who did that, were, in the main far from understanding Socialism, rendered the immediate question of revolution ridiculous (SOCIALIST STANDARD, June 1926).

That as the machinery of government, including the armed forces of the nation exists only to conserve the monopoly by the capitalist class of the wealth taken from the workers, the working class must organise consciously and politically for the conquest of powers of government, national and local, in order that this machinery, including these forces, may be converted from an instrument of oppression into the agent of emancipation and the overthrow of privilege, aristocratic and plutocratic (Socialist Party of Great Britain, DECLARATION OF PRINCIPLES, 1904).

What they said and when

The Miners struggle – a wage struggle – might have been the signal for a class struggle against capitalism itself. That struggle did not materialise. It cannot be long deferred: Ebby Edwards, Official of the Northumberland Miners Federation, writing in the Plebs, July 1926

Mr. A. J. Cook, (Secretary of the Miners Federation) has repeatedly promised us “the end of capitalism” if the mine owners attempted to force the miners’ wages still further down...but the revolution obviously refuses to materialise (SOCIALIST STANDARD, June 1926).

Success was impossible. Trade was bad and employers were generally not ill-content that their factories should be forcibly closed for a short time. They were well aware that the half-starved factory workers could not hold out as long as they could.

Raymond Postgate. POCKET HISTORY OF THE WORKING CLASS...*The Chartist General Strike, 1842* (Postgate was a member of the Communist Party of Great Britain).

Recognising that the working class can only conquer capitalism and become the ruling class by the creation of its own instruments of power (i.e. workers councils) and the impossibility of the working class capturing and utilising the Capitalist apparatus for the exercise of its own class power for the building of Socialism (Communist Party of Great Britain, Pamphlet – CASE AGAINST CLASS. 1929).

THE TRADE UNIONS

...the Trade Unions arose from the pressure on the workers of their immediate needs in the early days of Capitalism. They necessarily took the form most convenient at the moment, and have adapted themselves to changing circumstances more or less blindly. They have, therefore, invariably over-emphasised the occupational and other distinctions between the workers. The Socialist Party of Great Britain, organised for the emancipation of the workers as a class, insists upon the necessity for subordinating all distinctions to class solidarity. On the political field the workers have but one interest, and that involves winning political power, and dispossessing the master class. The supreme conflict with that class leaves no room for sectional antagonisms between the workers (Chapter 4, The Trade Unions, QUESTIONS OF THE DAY, Socialist Party of Great Britain, 1942 p. 25)

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The SPGB and the question of Reforms

If the Socialist Party of Great Britain had any reformist leanings at all, it is a reasonable to expect that the new-formed Party in 1904 would proudly have nailed its colours to the mast in the first issue of its journal in September 1904.

Having broken with the Social Democratic Federation, the first SOCIALIST STANDARD would have been the obvious place to proclaim what the Party stood for, and this is precisely what the Party did. Unfortunately, for today’s opportunists no such reform tendency is anywhere to be seen.

The first ever Editorial in the first SOCIALIST STANDARD (September 1904), has this to say:

“In dealing with all questions affecting the welfare of the working class our standpoint will be frankly revolutionary. We shall show that the misery, the poverty and the degradation caused by capitalism grows far more rapidly than does the enacting of palliative legislation for its removal. The adequate alleviation of these ills can be brought about only by a political party having Socialism for its object. So long as the powers of administration are controlled by the capitalist class so long can that class render nugatory any legislation they consider to unduly favour the workers”.

In an editorial feature article in that same first issue the SPGB wrote:

“The Social Democratic Federation”, formed to further the cause of Socialism in Great Britain has, during the last few years, been steadily following the compromising policy adopted from the first by the Independent Labour Party. So much is this the case that today, for all purposes of effective Socialist propaganda they have ceased to exist and are surely developing into a mere reform party seeking to obtain the provision of free maintenance for school children”

Fifty years later, another milestone in the Party’s history was the publication of the *Anniversary Number* of the SOCIALIST STANDARD.

In looking back over 50 years and reaffirming the Party’s principles and the stand taken against war, Soviet capitalism and reform policies, this is an excellent piece of Socialist literature. On page 3, under the heading: “*Our contributions to the Socialist Movement*”, fourteen points are listed. Number three of these says:

“Opposition to all reform policies and unswerving pursuit of Socialism as the sole objective”.

Point number ten states:

“The Socialist Party must be entirely independent of all other political parties entering into no agreement or alliances for any purpose. Compromising this independence for any purpose however seemingly innocent, will lead to non-socialists giving support to the Party”.

Writing the word “*Socialism*” across ballot papers where no Socialist was standing was reaffirmed, as a way of showing rejection of all the other parties and expressing the demand for Socialism and only Socialism.

The same uncompromising case for Socialism against reformism is made in the Party pamphlets.

THE MANIFESTO of the Socialist Party of Great Britain was the Party’s first pamphlet, published in 1905. It is full of trenchant condemnation of all the opportunist reform parties of the time and rejects outright their political trading and vote-catching stunts. The independence of the Party is vigorously proclaimed. The case stated is as fresh today as in 1905 and remains the position of the S.P.G.B.

Thus, for example, on page 9:-

“A glance over past history shows that every class that emancipated itself had to commence by the capture of political machinery that is the power of government. It is therefore necessary for workers to organise a political party having for its object the capture of political power. This political party of the workers can only be a socialist party because socialism alone is based on the facts of working- class existence Socialism alone can free the workers from the necessity of selling himself for the profit of a master: Socialism alone will strip him of his merchandise character and allow him to become a full social being”.

There has been a chapter on the subject of reformism in every re-issue of QUESTIONS OF THE DAY since it first appeared in 1932. In that first issue on page 18 it states:

*“...we know that the **immediate** need of our class is emancipation, which can only be achieved through the establishment of Socialism”* (emphasis in the original).

There is also a detailed chapter on Parliament and “*the necessity of gaining control of the machinery of government*” Page 44.

The rejection of bartering our independence for promises of reform is stressed again. No opportunism, but a sober understanding of the fact that Parliament controls the armed forces, so Parliament must be captured “*before attempting to uproot the existing foundations of society*”(p.68).

A chapter on Fascism makes the unanswerable argument that the only way to prevent political power being used against the workers is for workers to refrain from voting capitalist agents into power.

In the 1942 edition of Questions of the Day, on the section on reforms, the SPGB wrote:

“The Socialist Party of Great Britain will not barter its independence for promises of reform. For, no matter whether these promises are made sincerely or not, we know that the immediate need of our class is emancipation, which can only be achieved through the establishment of Socialism...All capitalists will unite in the last resort, in defence of the system by which they live...For the party of the working class, one course alone is open, and that involves unceasing hostility to all parties, no matter what their plea, that lend their aid to the administration of the existing social order and thus contribute, consciously or otherwise, to its maintenance. Our objective is its overthrow (page 21)

Thirty six years later, in 1978, QUESTIONS OF THE DAY was largely rewritten and brought up to date the treatment of old questions and dealt with later ones that had arisen, Chinese capitalism among them. There is still a Chapter headed: *“The Futility of Reformism* and another on *Parliament* putting again the case consistently stated before.

Exactly the same case and conclusions emerge from the various editions of the pamphlet, THE SOCIALIST PARTY, IT'S PRINCIPLES AND POLICY. There is only one immediate proposition to be put to the working class and that is to organise consciously and politically to replace capitalism with Socialism.

One weakness of reformism should be borne in mind. And it is an important one. Many of the reforms carried out by reformers; particular those associated with the Labour Party, enacted to improve the conditions of the working class do not last long, are often watered down or make the situation worse. Social reforms also have a short shelf-life. If the reforms have negative effects on profit-making they are conveniently ignored or repealed at the next opportunity. Reforms are often given in one hand and taken away with the next. As the SOCIALIST STANDARD put it some seventy years ago *“The impermanence of reforms,.. is a fundamental weakness of the reformist position”* (May, 1942). And if the Labour Party believes all they can offer the electorate is *“infinite reforms”* in place of any Socialist alternative to capitalism then all they can ever offer the working class is infinite failure.

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Object and Declaration of Principles

Object

The establishment of a system of society based upon the common ownership and democratic control of the means and instruments for producing and distributing wealth by and in the interest of the whole community.

Declaration of Principles

THE SOCIALIST PARTY OF GREAT BRITAIN HOLDS:

1. That society as at present constituted is based upon the ownership of the means of living (ie land, factories, railways, etc.) by the capitalist or master class, and the consequent enslavement of the working class, by whose labour alone wealth is produced.
2. That in society, therefore, there is an antagonism of interests, manifesting itself as a class struggle, between those

who possess but do not produce and those who produce but do not possess.

3. That this antagonism can be abolished only by the emancipation of the working class from the domination of the master class, by the conversion into common property of society of the means of production and distribution, and their democratic control by the whole people.
4. That as in the order of social evolution the working class is the last class to achieve its freedom, the emancipation of the working class will involve the emancipation of all mankind without distinction of race or sex.
5. That this emancipation must be the work of the working class itself.
6. That as the machinery of government, including the armed forces of the nation, exists only to conserve the monopoly by the capitalist class of the wealth taken from the workers, the working class must organise consciously and politically for the conquest of the powers of government, national and local, in order that this machinery, including these forces, may be converted from an instrument of oppression into the agent of emancipation and the overthrow of privilege, aristocratic and plutocratic.
7. That as all political parties are but the expression of class interests, and as the interest of the working class is diametrically opposed to the interests of all sections of the master class, the party seeking working class emancipation must be hostile to every other party.
8. The Socialist Party of Great Britain, therefore, enters the field of political action determined to wage war against all other political parties, whether alleged labour or avowedly capitalist, and calls upon the members of the working class of this country to muster under its banner to the end that a speedy termination may be wrought to the system which deprives them of the fruits of their labour, and that poverty may give place to comfort, privilege to equality, and slavery to freedom.

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